



Sean Rogan
Executive Director

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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

1-H July 8, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

July 08, 2014

The Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**AMENDMENT TO JANITORIAL SERVICES CONTRACT
(ALL DISTRICTS) (3 VOTE)**

SUBJECT

This letter recommends approval of an amendment to the Housing Authority's existing contract with Lee's Maintenance Service, Inc., to increase the annual amount by \$207,170 per year, to a total of \$307,170, for janitorial services at 16 housing developments and the South Scattered Sites Management Office.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Executive Director or his designee to amend the contract with Lee's Maintenance Service, Inc., to increase the annual amount by \$207,170 per year, to a total of \$307,170, for janitorial services at 16 housing developments and the South Scattered Sites Management Office.
2. Authorize the Executive Director or his designee to extend the term for up to two additional years, in one year increments, with an annual compensation of \$307,170 plus cost of living increases not to exceed the Consumer Price Index (CPI) for the County of Los Angeles as determined by the U.S. Bureau of Labor Statistics, using funds to be requested through the Housing Authority's annual budget approval process.
3. Authorize the Executive Director or his designee to further amend the contract with Lee's Maintenance Service, Inc., to add or delete sites, modify the scope of work, and increase the annual compensation by up to 10% as needed for unforeseen costs, and if necessary, to terminate the contract.

4. Find that approval of an amendment to the Contract is exempt from the California Environmental Quality Act (CEQA) because the proposed activity will not have the potential for causing a significant effect on the environment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On April 8, 2014, your Board awarded a contract to Diamond Contract Services (Diamond), for janitorial services in the common areas of 16 housing developments and the South Scattered Sites Management Office. On June 6, 2014, the Housing Authority was notified by Diamond that it would be unable to continue to provide the contracted services due to the increase in its workers compensation insurance and its inability to pay the premium. Pursuant to the Housing Authority's contract, failure to obtain insurance as outlined in Section 10 - Insurance constitutes a material breach of contract.

Diamond notified the Housing Authority of its intent to assign all contract obligations to another janitorial company. However, due to time constraints, the Housing Authority is unable to perform its due diligence in researching the assignment to the proposed assignee. After consultation with County Counsel, the Housing Authority provided Diamond with written notification on June 6, 2014 of our intent to terminate the contract for default for violation of contract provisions including, but not limited to a) Work, b) Term of Contract, c) General Provisions for all Insurance Coverage, and d) Insurance Coverage.

In order to minimize disruption of services to our housing developments, the Housing Authority executed a contract with Lee's Maintenance Service (Lee's) on June 9, 2014, in the amount of \$100,000 (the Executive Director's maximum delegated contract authority). Lee's was the next highest ranked proposer in the original Request for Proposal (RFP) process conducted in November 2013.

This letter requests authority to increase the amount of the contract with Lee's to \$307,170, which represents the cost negotiated by the Housing Authority and Lee's. to provide a full year of services. The prior contract with Diamond was for \$280,000 per year.

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund.

The additional \$207,170 for the remainder of the first year of the contract is comprised of Conventional Public Housing Program funds, and Kings Road and Lancaster Homes Operating funds included in the Housing Authority's approved Fiscal Year 2014-2015 budget.

If extended, the cost of the second and third years of the contract will remain at the same annual amount of \$307,170 plus annual CPI increases, using funds to be requested through the Housing Authority's annual budget approval process.

A 10% contingency, in the amount of \$30,717 per year, is also being set aside for any unforeseen needed janitorial services, using the same source of funds described above.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The contract provides for basic janitorial services such as sweeping, vacuuming, dusting and other

cleaning services in all common areas, including community kitchens, rooms and restrooms, conference rooms, classrooms, computer and other training rooms, offices, elevators, lobbies, hallways and laundry rooms.

The following housing developments are included in the contract: Nueva Maravilla, Francisquito Villa, Herbert Apartments, South Bay Gardens, Kings Road, Palm Apartments, Westknoll Apartments, Carmelitos, Harbor Hills, Marina Manor I and II, Whittier Manor, Sundance Vista, Lancaster Homes, Orchard Arms, Foothill Villa, and the South Scattered Sites Management Office.

The improvements are being federally funded, and are not subject to the requirements of the Greater Avenues for Independence (GAIN) Program or the General Relief Opportunity for Work (GROW) Program implemented by the County of Los Angeles. Instead, Lee's will comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

The Housing Authority has determined that Lee's has met the requirements of the Living Wage Program and agrees to pay living wage hourly rates to full-time employees while providing services under the contract.

On June 25, 2014, the Housing Commission recommended approval of the amendment to the contract with Lee's.

ENVIRONMENTAL DOCUMENTATION

This action is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.35 (b)(3) because it involves maintenance activities that will not have a physical impact or result in any physical changes to the environment. The action is exempt from the provisions of CEQA pursuant to State CEQA Guideline 15301 because it involves activities that do not have the potential for causing a significant effect on the environment.

CONTRACTING PROCESS

On November 1, 2013, a Request for Proposal (RFP) process was initiated to identify contractors to provide janitorial services for the Housing Authority. Notices were emailed to 158 vendors from the Housing Authority vendor list. An announcement was also posted on the County's WebVen and Housing Authority websites.

A Pre-Proposal Conference was held at the Housing Authority on November 12, 2013. A total of 16 contractors participated in the Pre-Proposal Conference. On December 5, 2013, five proposals were received. Three vendors were found to be non-responsive and were disqualified.

During the period of December 6 through December 31, 2013, a panel consisting of Housing Authority and Community Development Commission staff evaluated the proposals and ranked each firm independently. Diamond Contract Services was determined to be the highest ranked and most qualified vendor based on the criteria stated in the RFP, and was awarded a contract by your Board on April 8, 2014. Due to Diamond's breach of contract as described above, the Housing Authority awarded a contract to the next highest ranked proposer, Lee's Maintenance Service, Inc., on June 9,

The Honorable Board of Supervisors

7/8/2014

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2014.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed contract amendment will provide needed janitorial services for locations owned by the Housing Authority and continue to provide residents and staff with decent, safe and sanitary conditions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:MF:nt

Enclosures

ATTACHMENT A

Summary of Outreach Activities

Janitorial Services

On November 1, 2013, the following outreach was initiated to identify Janitorial Service contractors to provide necessary janitorial services for the Housing Authority.

A. Announcement

An announcement was posted on the County's WebVen and Housing Authority websites.

B. Distribution of Notices

The Housing Authority's vendor list was used to mail out the Request for Proposals (RFP) notices to 158 janitorial service contractors, of which 115 identified themselves as firms owned by minorities or women (private firms that are 51 percent owned by minorities or women, or publicly owned businesses, in which 51 percent of the stock is held by minorities or women). As a result of the outreach, five proposals were received.

C. Proposal Results

On December 5, 2013, five proposals were received. Three proposals were found to be non-responsive and were disqualified. The two proposals that met the minimum requirements were forwarded to the three-member evaluation panel for further review. The evaluation committee used the "informed averaged" scoring methodology using a 1,000 points system as established in the solicitation package. The evaluation criteria consisted of qualifications (experience, background, references, etc.) approach to providing the services, Section 3, Living Wage Program and costs. The final evaluation results are as follows:

	<u>Score</u>
Diamond Contract Services, Inc.	742
Lee's Maintenance Services, Inc.	635

Diamond Contract Services was determined to be the highest ranked and most qualified vendor based on the criteria stated in the RFP, and was awarded a contract by the Board on April 8, 2014. Due to Diamond's breach of contract, the Housing Authority awarded a contract to the next highest ranked proposer, Lee's Maintenance Service, Inc., on June 9, 2014.

D. Minority/Women Participation

<u>Name</u>	<u>Ownership</u>	<u>Employees</u>
Diamond Contract Services, Inc.	Non-Minority	Total 1,021 486 Minorities 508 Women 48% Minorities 50% Women
Lee's Maintenance Services, Inc.	Minority	Total: 173 95 Minorities 75 Women 55% Minorities 43% Women

The Housing Authority conducts ongoing outreach to include minorities and women in the contract award process, including: providing information at local and national conferences; conducting seminars for minorities and women regarding programs and services; advertising in newspapers to invite placement on the vendor list; and mailing information to associations representing minorities and women. The above information has been voluntarily provided to the Housing Authority.